

CBO August 2002 Budget and Economic Update

House Budget Committee
Democratic Staff

August 27, 2002

Surplus Declines \$6 Trillion Under Republican Policies

Unified Budget Surplus, Trillions of Dollars

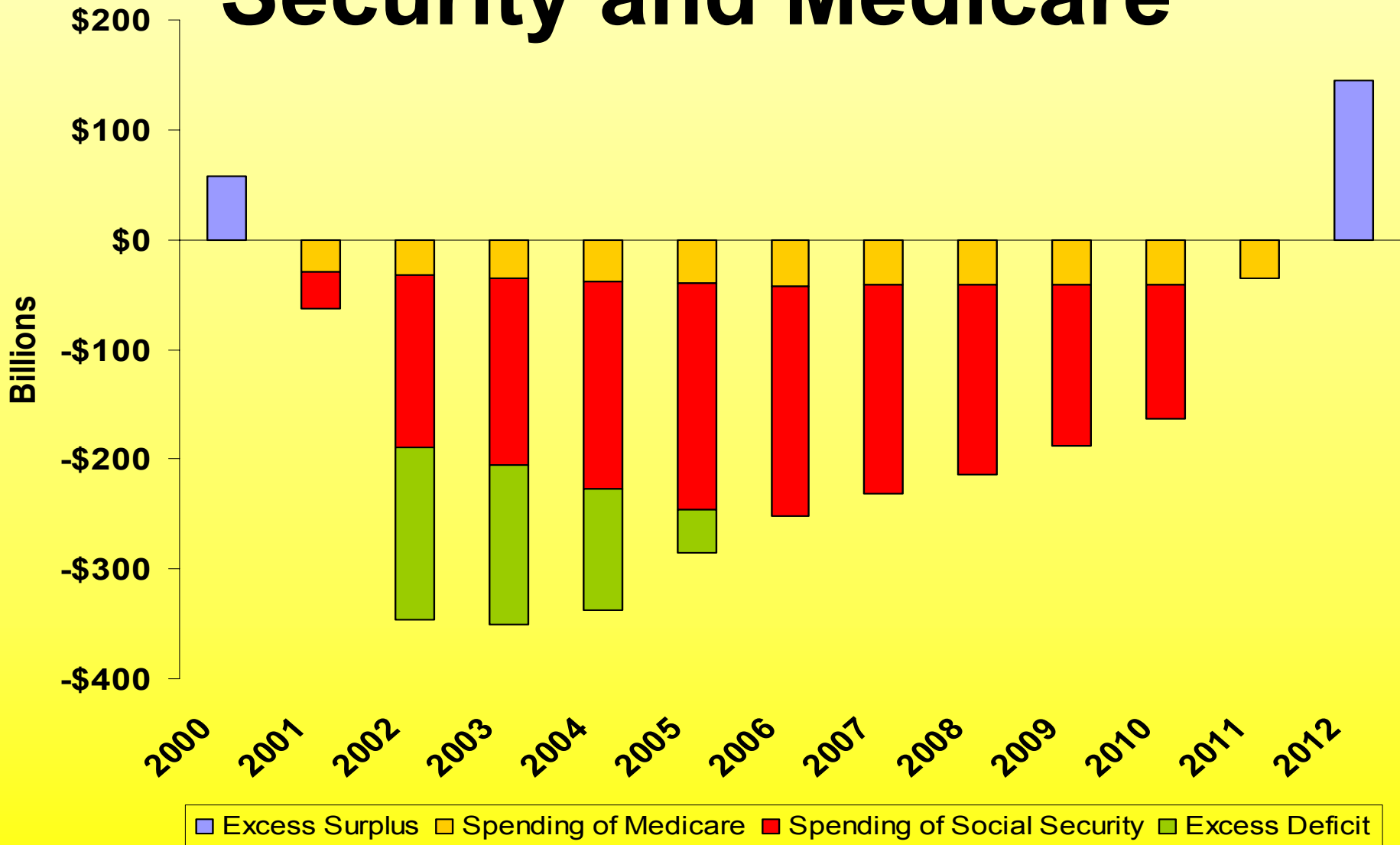
	2002-2011	2003-2012
May 2001	5.629	N.A.
August 2001	3.397	N.A.
March 2002	1.733	2.380
August 2002	0.336	1.015
<i>Plus Bush Policies</i>	-0.937	-0.688

Republican Budget Spends \$3 Trillion of Social Security Surplus

Trillions of Dollars

	2002-2011	2003-2012
May 2001	3.142	N.A.
August 2001	0.847	N.A.
March 2002	-0.590	-0.102
August 2002	-2.011	-1.512
<i>Plus Bush Policies</i>	-3.284	-3.215

Baseline Budget Spends Social Security and Medicare



President's Policy Spends Social Security and Medicare



White House Forecasts \$1 Trillion Rosier Than CBO

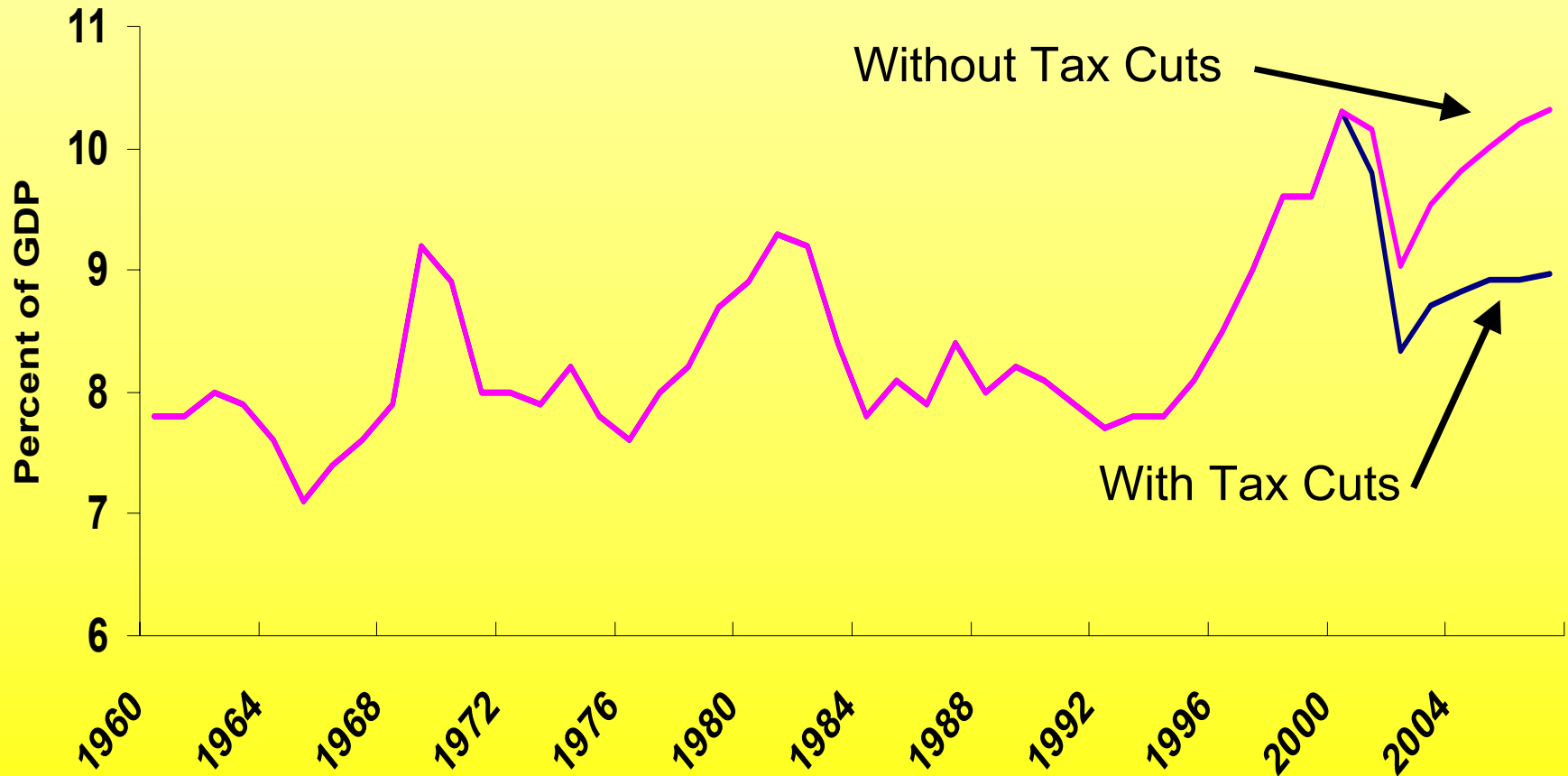
Non-Social Security Surplus, Trillions of Dollars

	2002-2011	2003-2012
CBO August 2002	-3.284	-3.215
OMB July 2002	-1.968	-1.762
Difference	-1.316	-1.454

Source: OMB Surplus or Deficit, CBO Surplus or Deficit Plus President's Policy

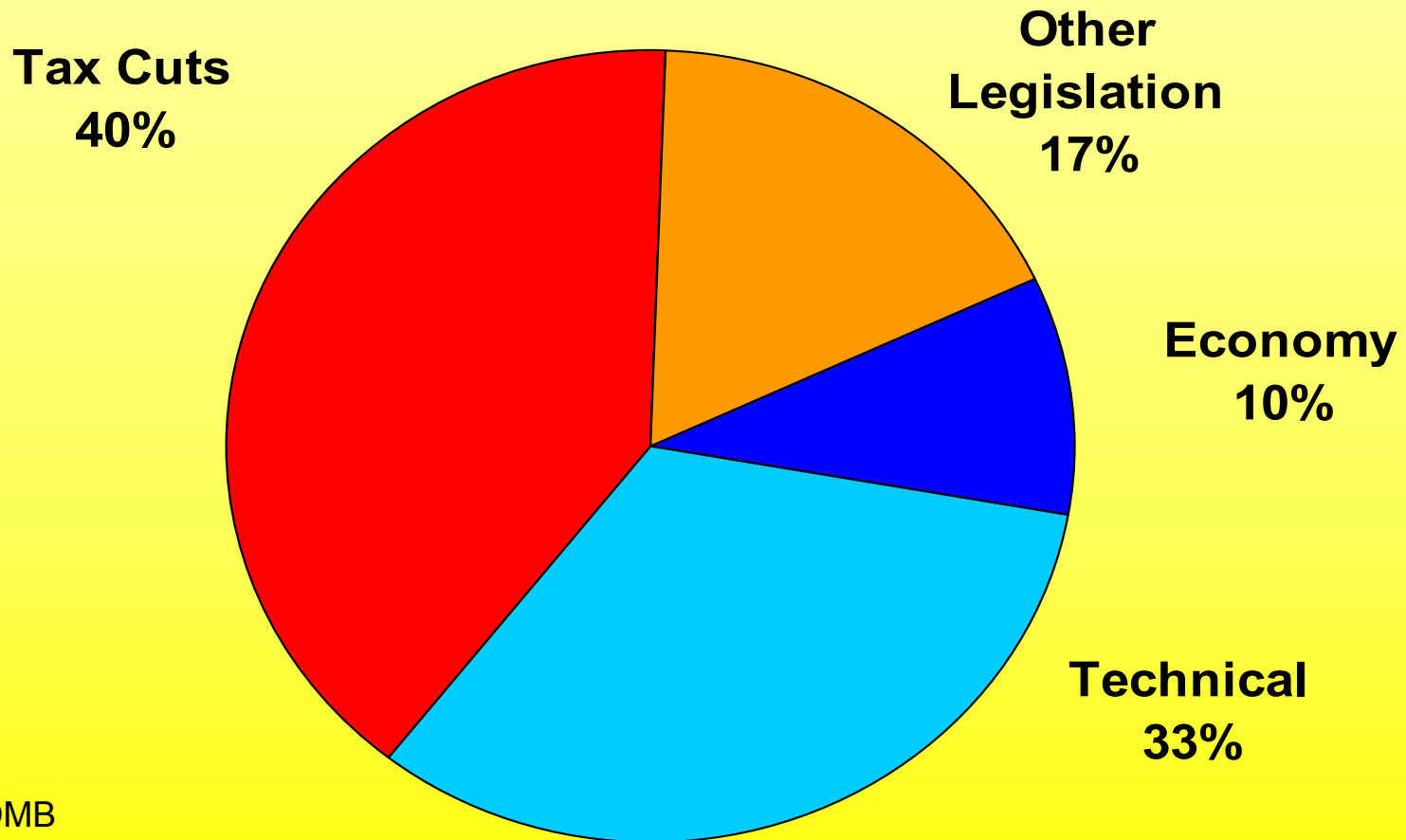
Administration Revenue Outlook Still Rosy

Individual Income Tax Revenues



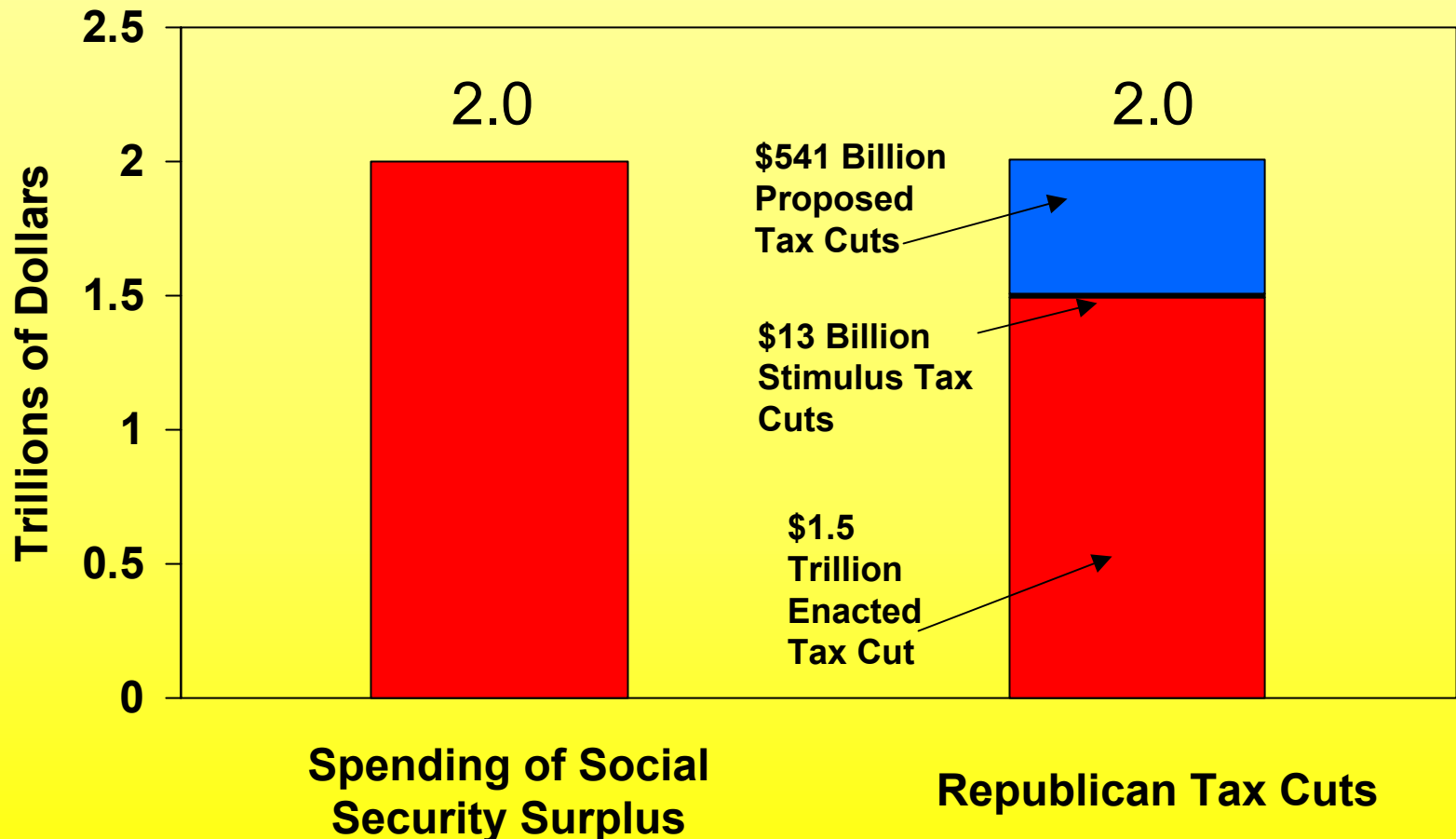
Tax Cut Is Biggest Culprit In Surplus Disappearance

Changes in Unified Budget Surplus, 2002-2011

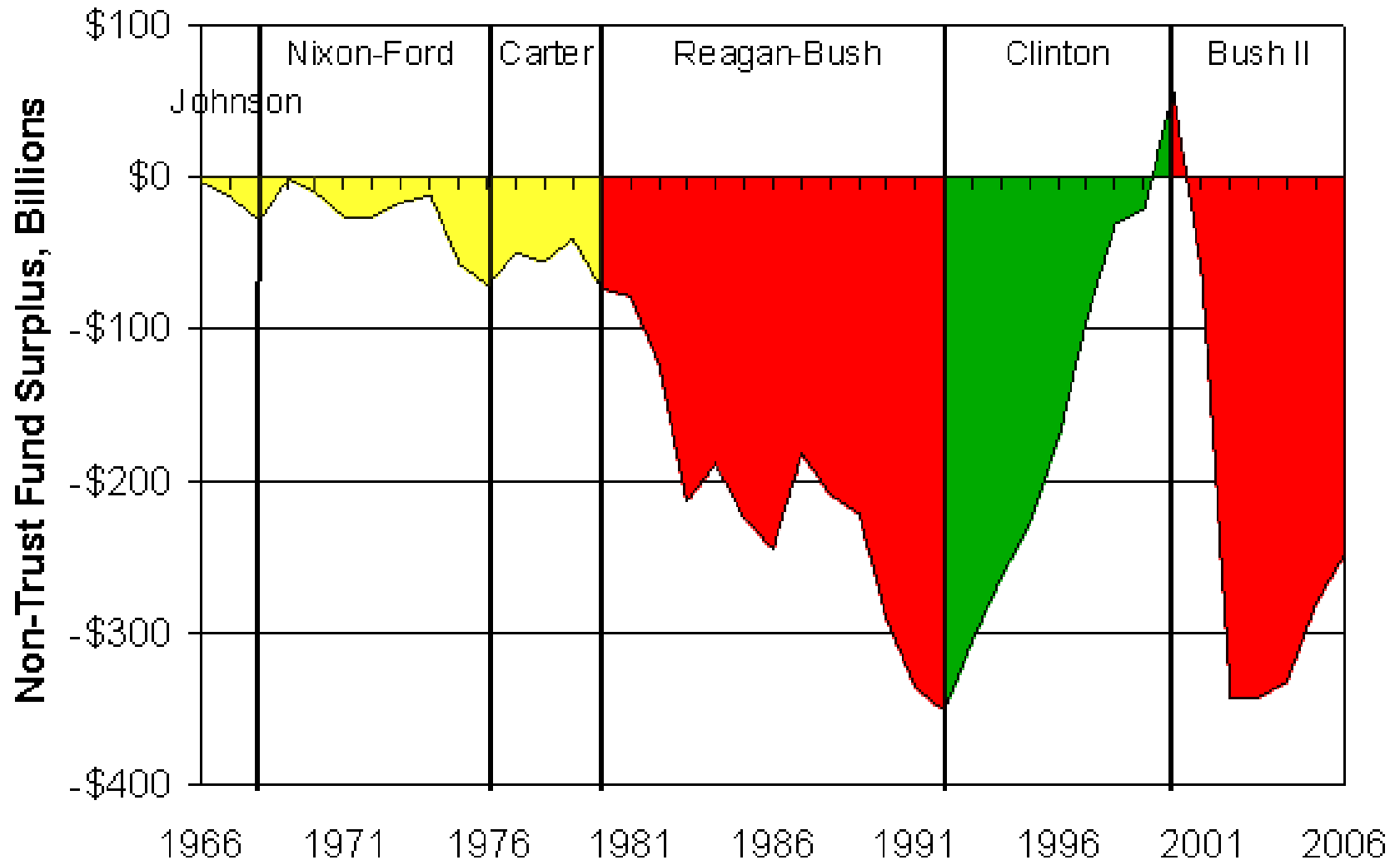


Source: OMB

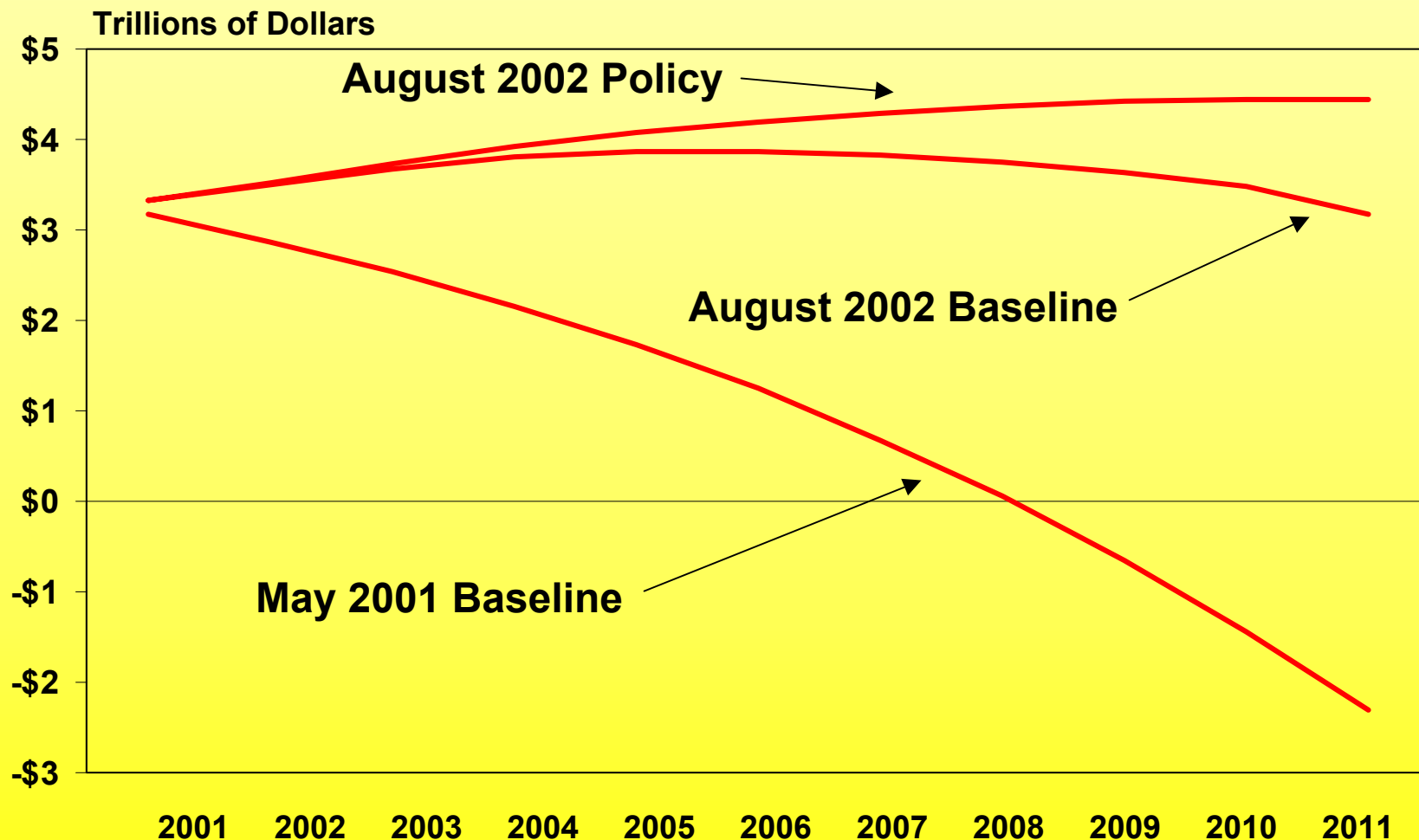
Republican Tax Cuts Equal Spending of Social Security Surplus



Republicans Raid Social Security and Medicare

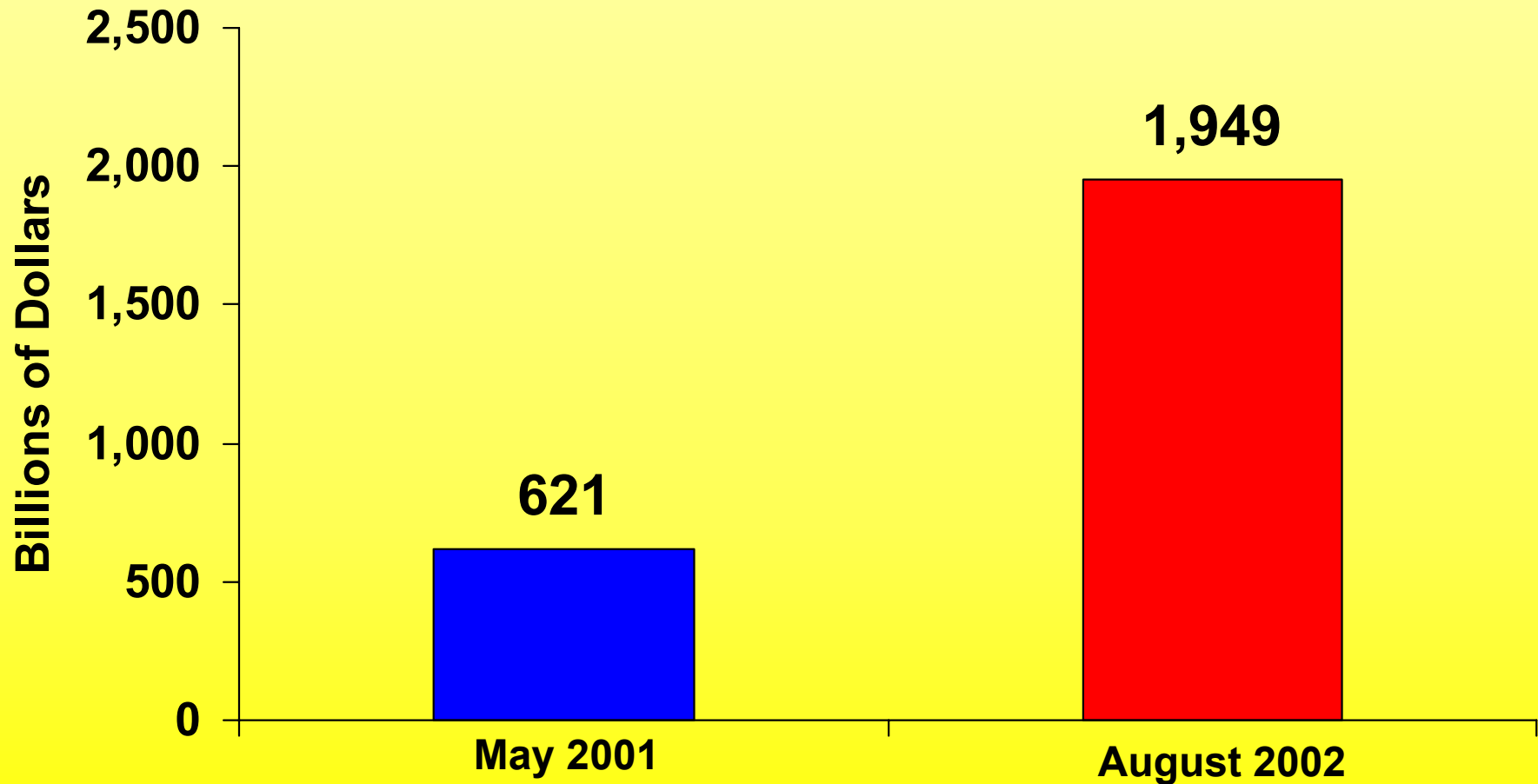


Debt Projections Have Skyrocketed Since Last Year



Wasted Resources: Interest Payments Then and Now

2002-2011 Totals



“We must understand that it is inviolate to intrude against either Social Security or Medicare and if that means forgoing or, as it were, paying for tax cuts, then we’ll do that.”

House Majority Leader Richard Armey
BNA’s *Daily Tax Report*, July 11, 2001

“Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens. Projections for the surplus in my budget are cautious and conservative. They already assume an economic slowdown in the year 2001.”

President Bush
Western Michigan University
March 27, 2001

One Year Later: The Administration's Broken Promise on Social Security

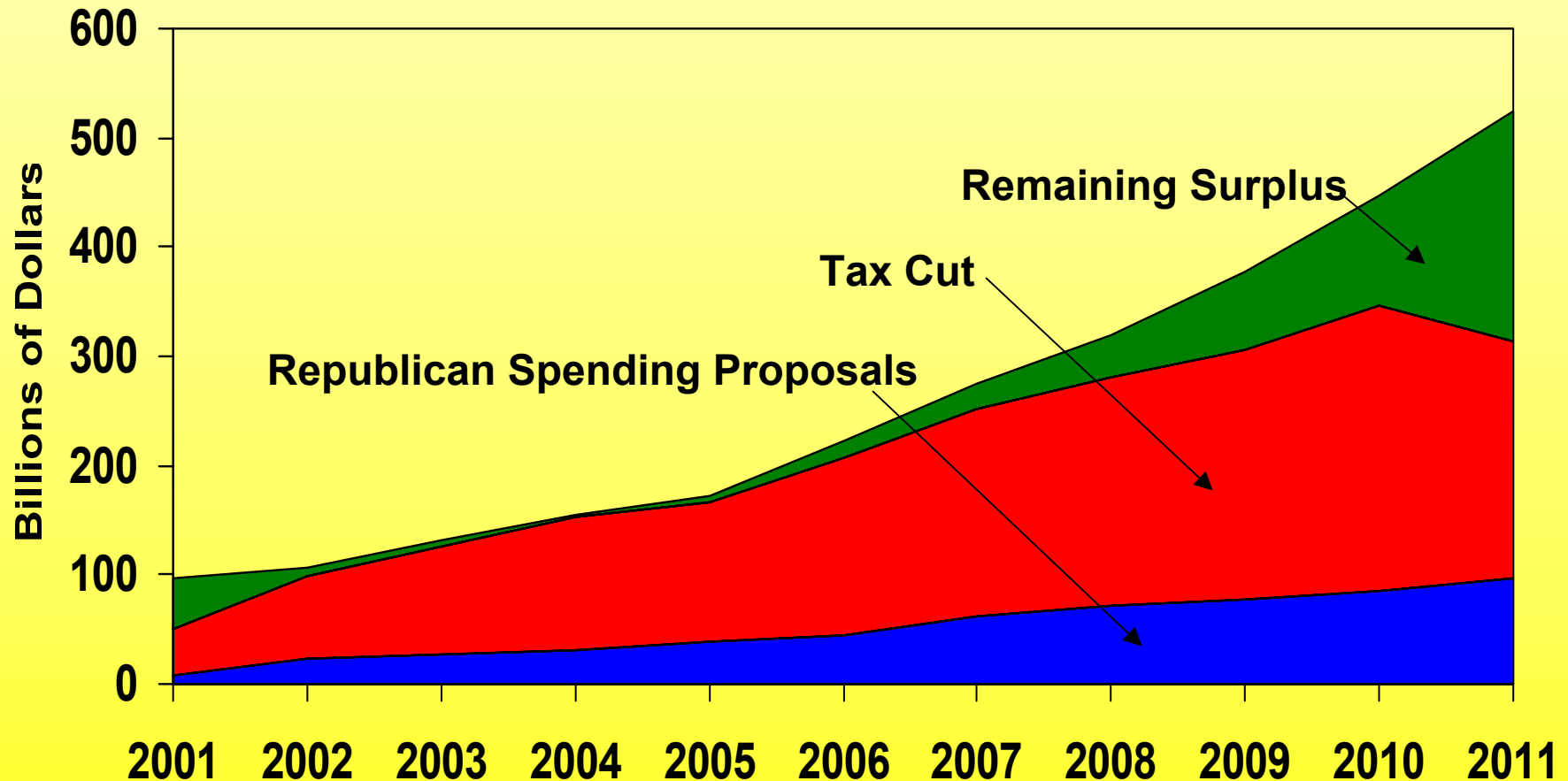
"Reserving the Social Security Surplus for Debt Reduction:

A strong bipartisan consensus has arisen in this country, and in the Congress, to preserve very large surpluses as a threshold condition of public finance. Both parties and both the Legislative and Executive Branches, in this Administration and the previous one, have concurred in maintaining a surplus at least the size of the Social Security surplus."

OMB Mid-Session Review of President's Budget

August 2002

Last Year's Republican Budget Left No Margin for Error



**April 2001 Projection of Non-Medicare, Non-Social Security Surplus;
Tax and Spending Proposals in Last Year's Republican Budget Resolution**